

PART II
Chapter 5
REIMBURSABLE CONTRACT ADMINISTRATION SERVICES (CAS)

A. REFERENCES:

1. FAR 42, Contract Administration, Subpart 42.1, Interagency Contract Administration and Audit Services.
2. DFARS Subpart 242.1, Interagency Contract Administration and Audit Services.
3. DoD 5105.38-M, Security Assistance Management Manual (SAMM).
4. DoD 7000.14, Volume 11A, Financial Management Manual.
5. DLAR 8000.8, Performance of Contract Administration and Audit Services on Direct Commercial Contracts of Foreign Governments or International Organizations.
6. DLAR 8000.7, DLA Participation in the Commercial Space Launch Program.
7. DLAM 7000.4, Defense Contract Administration Reimbursable Man-Hour Reporting System Users Manual.

B. GENERAL:

- 1. CONTRACT ADMINISTRATION SERVICES (CAS) for Non-DoD Customers.** Contract Administration Services (CAS) are performed for non-DoD customers and foreign governments/international organizations (FGs/IOs) on a reimbursable basis. This chapter addresses responsibilities and policy related to the charging and billing of reimbursable CAS.

a. Civilian Agency Reimbursable Customers. Hours worked by DCMC employees in support of civilian agency customers are reported in the Defense Contract Administration Reimbursable Reporting System (DCARRS). Reimbursable customers include U.S. Government Agencies, which are grouped into two broad categories: the National Aeronautics and Space Administration (NASA) and other Federal Agencies (FEDCAS).

b. Foreign Reimbursable Customers. DCMC CAOs provide CAS to FGs/IOs in two ways:

(1) Foreign CAS (FCAS). FCAS hours worked by DCMC employees are reported in DCARRS. Requests by FGs/IOs for DCMC's CAS services on commercial contracts with U.S. contractors are processed by the International Logistics Office, reporting to DCMC New York and DCMDE.

(2) FMS procurements. FMS customers do not provide Letters of Delegation (LOD) or letters of request directly to DCMC CAOs. FMS procurements are managed by the DoD acquisition program office/buying office. Hours worked by DCMC employees in support of FMS are not reported in DCARRS. Reimbursable hours on DoD contracts for defense items delivered in support of military service-sponsored FMS cases are calculated and earned at the District level. FMS reimbursable earnings are computed monthly by the District Reimbursable Program Administrator (DPRA) based upon the ratio of FMS

contract disbursements to total contract disbursements for each District. The ratio is used to determine the total number of productive hours performed by the functional workforce in support of FMS for the month. The FMS rate is applied to the hours calculation. The DRPA reports the monthly FMS earnings to the Defense Finance & Accounting Service (DFAS) for billing.

c. Foreign Non-Reimbursable Customers. FGs/IOs who have entered into reciprocal no charge agreements with the U.S. DoD are entitled to receive the CAS specified in the agreements at no charge. The agreements are listed in reference A.3. Foreign customers may request CAS support on a non-reimbursable basis via the DoDCCP pursuant to guidance provided in reference A.5. These hours are not reported in DCARRS.

d. Commercial Space Launch Vehicle (CSLP). Reference A.6 sets forth the policy for DCMC to participate in the CSLP on a reimbursable basis. The program is limited to those contractors or manufacturers who have executed an Expendable Launch Vehicle Commercialization Agreement with the Air Force. The current DoD Standard Hourly Rate as charged for Federal Agencies will be applied to each direct work-hour (actual recorded or prorated) expended for CSLP CAS. All direct hours including hours worked in prior fiscal years must be reported. Contact the District Reimbursable Program Administrator for procedures to report these hours.

e. Other Customers. DCMC provides CAS to the US Army Corps of Engineers on a reimbursable basis when the work is to be performed at a construction site using civil, as opposed to DoD appropriated funds. Such hours are reported in DCARRS.

- 2. RESPONSIBILITIES/ROLES.** Commanders will ensure the budgeting and allocation of resources necessary to support reimbursable delegations within their command. This includes, but is not necessarily limited to, funds for training, travel, and overtime. Contract Administration Office (CAO) Commanders are responsible for ensuring direct productive hours worked in support of reimbursable customers are appropriately reported in DCARRS so that the customers will be billed for the services provided.

a. DCMC Headquarters will develop and monitor policy and metrics for the reimbursable program, work with the DLA Comptroller on the development of the standard annual rates, and assist Districts/field offices.

b. Customer Liaison Officers will provide technical support to customers and aid in the timely resolution of issues addressed by customers.

c. The Reimbursable Program Office (RPO), a lead district responsibility of DCMDE, provides centralized management and oversight over the accounting and tracking of hours worked in support of reimbursable CAS. RPO responsibilities include:

(1) Implement and maintain, in coordination with the DLA Financial Office, management and control of the non-DoD and FMS reimbursable accounting process/program.

(2) Provide technical guidance and assistance to non-DoD customers and DLA/DCMC personnel on matters pertaining to the Reimbursable Program and the automated system (DCARRS), as required.

(3) Administer the automated system (DCARRS) and provide training and assistance to internal and external users. Resolve billing problems and provide management information to users. Perform necessary reviews and system oversight on District reimbursable programs and system data to insure validity and integrity of data in the DCARRS.

(4) Conduct certification reviews of field reimbursable programs. Evaluate the timeliness and accuracy in reporting of reimbursable hours worked.

(5) Prepare and forward to AQBB monthly reports of actual reimbursable earnings.

(6) Develop, distribute, and maintain a reimbursable program guidebook.

d. District Reimbursable Program Administrators (DRPA) provide overall program management and control over the non-DoD and FMS reimbursable budget, accounting, and actual performance/reporting. DPRAs provide training and conduct periodic reviews to facilitate complete, accurate reporting of hours worked in support of non-DoD customers. DPRAs resolve billing issues in coordination with the RPO and DFAS. DPRAs calculate FMS earnings on a monthly basis and provide data to DFAS for billing.

e. International Logistics Office (ILO)/DoD Central Control Point (DoDCCP) The ILO or DoDCCP is responsible for arranging contract administration and contract audit services (FCAS) on direct commercial contracts placed with U.S. contractors by FGs/IOs responsibilities include:

(1) Service as liaison between foreign customer, CAO, and U.S. contractor to resolve issues concerning FCAS delegations.

(2) Implement foreign military sales (FMS) cases to handle reimbursement to field activities for services performed.

(3) Process requests for CAS/audit, forward to CAOs/Defense Contract Audit Agency (DCAA) Offices and acknowledge acceptance/denial to foreign customers.

(4) Obligate funds against FMS cases for services performed.

(5) Process reimbursements for services performed (issue expenditure authority and process vouchers to reimburse performing activities).

(6) Manage FMS cases to ensure adequate funding for all effort.

(7) Coordinate with Defense Security Assistance Agency (DSAA) and manage DCMC's support to foreign customers making commercial purchases with FMF funds.

- f. CAO Commanders** are responsible for establishing sufficient internal controls to insure that the data recorded in DCARRS is timely and accurate.

(1) Effective procedures will be established to periodically review each record to update data fields, as necessary. System reports are available on DCARRS to assist the CAO in this effort. A copy of the internal control assessment will be forwarded to the District Reimbursable Program Administrator by October 31

of each year to access the status of the database integrity.

(2) Commanders of CAOs will establish a Contract Control Element (CCE) to provide operational control over the receipt, identification, and processing of all non-DoD contractual delegations. The function may be assigned to an individual or to several individuals within one organizational element or multiple organizational elements as deemed appropriate by the Commander.

g. Activity Reimbursable Monitors (ARMs) will service as the focal point for matters pertaining to the reimbursable program. Other responsibilities include analyzing monthly DCARRS reports, providing training/technical assistance, implementing internal controls, inputting data into DCARRS, and ensuring DCARRS database integrity. Pay particular attention to the appropriate status of delegations as to whether the delegation is properly recorded as open or closed, whether hours are being reported as worked, estimated completion dates and forecasts are updated as necessary, and contractor and customer codes are appropriately assigned. Delegations with zero (0) hours reported in the life of the delegation should be reviewed for validity

- 3. CHARGEABLE HOURS.** Direct productive hours spent complying with the requirements of each LOD, or other request for CAS, performed in support of reimbursable delegations are chargeable hours and are recorded and billed by function based on information reported in DCARRS. Chargeable hours include any CAS functions listed in FAR 42.102 and specified in the LOD, except see paragraph 4 of this section.

a. Function Codes. There are seven function codes established in the DCARRS.

FUNCTION CODES

C - Contract Operations
D - Property Administration/Plant Clearance
F - Financial Services
I - Quality Assurance Engineering
P - Program and Technical Support (Including Industrial Support)
Q - Quality Assurance
T - Transportation and Packaging

b. Direct Support by Functional Specialists. All functional specialists' time spent in direct support of a reimbursable delegation is chargeable, including reviewing and preparing reimbursable contractual data, preparing estimated hourly forecasts, status reports for non-DoD customers, and recording hours worked.

c. Travel Time. Travel time spent solely in support of a non-DoD delegation is considered direct support and is chargeable provided the traveler is in a paid duty status.

d. Procurement Technicians. The time a procurement technician expends performing surveillance work directly related to a reimbursable customer's contract and/or group of contracts is chargeable.

e. Supervisors. Supervisors will charge direct hours when performing non-supervisory effort on a reimbursable delegation. Supervisors should labor except the hours reported as direct effort in the Defense Business Management System (DBMS) to a non-supervisory cost code.

f. Military Personnel. The time military personnel spend in direct support of a reimbursable delegation is chargeable including reviewing and preparing reimbursable contractual data, preparing estimated hourly forecasts, and recording hours worked. Military personnel should provide these hours to the Activity Reimbursable Monitor (ARM) on a weekly basis as the hours are worked using DLA Form 1682A, Non-DoD Reimbursable Hours Worked. The ARM will report the military hours to the District Reimbursable Program Administrator (DRPA). These hours are not input into DCARRS. Instead, the DPA will forward the military direct hours to the Reimbursable Program Office (RPO) by the 15th day of the month following the month in which the work was reported. The RPO will forward these hours to the appropriate DFAS billing activity on a quarterly basis.

g. Proration of Chargeable Hours. Chargeable hours may be prorated if actual direct time worked on a reimbursable delegation cannot be otherwise readily determined. When prorating chargeable hours is necessary, the functional specialist will determine the most appropriate method for estimating hours worked. The estimate must be documented and the documentation must be retained on file by the ARM for three years following completion of the delegation. Hours may be prorated based upon percentages of delivered end items, units or dollar value, numbers of contracts or contract line items, or other allocation method as determined by the functional personnel involved.

4. NON-CHARGEABLE HOURS. The following categories are not chargeable to non-DoD customers, therefore should not be reported in DCARRS:

a. Incidental Effort. Pursuant to FAR 42.101.d, incidental effort is defined as those hours worked as result of the DoD or Government mission that do not result in any additional costs (costs incidental to DoD or Government requirements). Although this incidental effort may benefit a non-DoD customer, it is not chargeable.

b. Reciprocal No-Charge FCAS. CAS performed in support of reciprocal agreements under terms of Memoranda of Understanding (MOU) or Memoranda of Agreement (MOA) between the U.S. Government and NATO governments or organizations which define the specific services to be provided at no charge and delegations issued under the MOUs /MOAs are identified as non-reimbursable by the DoDCCP. Effort authorized by the DoDCCP on a reciprocal no-charge basis is not reportable through DCARRS.

c. Clerical and Supervisory Effort. Clerical time is not chargeable. Supervisory effort is not chargeable. However direct work performed by a supervisor on a delegation is chargeable in accordance with paragraph 3e.

d. Contract Data Input. The time an individual expends performing contract data input into Mechanization of Contract Administration Services (MOCAS), Quality Assurance Management Information System (QAMIS), DCARRS, etc. is an overhead and non-chargeable cost.

e. Training. The time an individual expends attending a training course is an overhead cost and is not chargeable. This applies even if the training is specific/unique to the reimbursable CAS to be performed. Travel time to and from the course is also not chargeable.

- 5. PREMIUM TIME.** All CAO Commanders will accommodate situations where overtime and unusual shift work are deemed necessary and appropriate to support the reimbursable customer's needs. There will be no delay in the performance of any delegated function requiring overtime. However, all reimbursable work is subject to the resource ceilings contained in the applicable Interagency Agreement (IAA), LOD, or other governing document.
- 6. STANDARD HOURLY RATE.** The DLA Comptroller and DCMC calculate three annual DCMC hourly rates, which are approved by the DoD Comptroller. Separate rates are calculated for NASA/Civilian agencies, Foreign Military Sales, and a Public Rate. The rate methodology is designed to recover the total costs of supporting reimbursable CAS at the corporate DCMC level. Because the costs of doing business vary by locality as well as the type of program, some field offices' actual earnings will exceed reimbursable costs at that site while the reimbursable costs at other field offices will exceed reimbursable earnings. This is the natural result of the characteristics of a standard hourly rate used by all within the system to recover total agency costs. Therefore, each activity is resourced based upon workload requirements and not what is actually earned from reimbursable work at a given activity.
- 7. BILLINGS.** Customer billings (SF1080, Voucher for Transfers Between Appropriations and/or Funds) are prepared monthly by the Defense Finance and Accounting Service (DFAS) using DCARRS generated data.
- 8. NON-DELEGATED TASKS.** Commanders will notify customers when tasks not specified in the letter of delegation are required. The customer must agree with the assessment and provide formal assurance to fund the additional effort. Requests of this nature where the customer disagrees with the assessment or does not agree to fund the costs should be referred to Commander, DCMC for resolution.
- 9. SPECIAL INSTRUCTIONS FOR FCAS DELEGATIONS.** Contact the DoDCCP for clarification of requirements on FCAS or Foreign Military Financing (FMF) funded contracts.
 - a. When/if U.S. contractors receive foreign orders that call for U.S. Government CAS before the CAO receives an official request for services and it is necessary for the functional specialist to perform CAS immediately, the reimbursable monitor/functional specialist will verify validity of the request by contacting the DoDCCP prior to opening a DCN or starting work.

b. For delegations issued in accordance with the provisions of STANAG 4107, the functional specialist must ensure that a Certificate of Conformity, signed by both the contractor and functional specialist, is issued either to the delegating authority or as otherwise specified in the delegation, with each shipment.

C. PROCESS NARRATIVE

- 1. CAO or ILO RECEIVES REQUEST FROM NON-DoD CUSTOMER FOR SERVICES.** Requests for services from non-DoD customers are typically in the form of a LOD. The LOD is reviewed by the CAO's CCE to ensure that it has been sent to the appropriate CAO for action. If the LOD has been erroneously submitted by the customer to the incorrect CAO, the CCE should forward the misrouted LOD to the cognizant CAO and immediately notify the customer of the error. The ILO will process and forward requests for CAS from FGs/IOs to applicable CAOs.
- 2. CAO DETERMINES FUNDING AUTHORITY EXISTS.** The CAO's ARM/functional specialist(s) determines whether an IAA is the basis for the LOD funding authority or whether the LOD provides specific funding. If a request for services is received which does not pledge reimbursement or indicate a billing point of contact and where to send a bill, immediate action should be taken to obtain such information. Work may be started pending receipt of necessary billing information, provided that the written request indicates reimbursement will be made.
- 3. LOD REVIEWED BY FUNCTIONAL SPECIALISTS.** The functional specialist reviews the LOD and contractual documents and provides the necessary data to the ARM to complete the DLA Form 1680, Contingent Reimbursable Input Posting Slip.
- 4. DOCUMENT CONTROL NUMBER (DCN) ASSIGNED.** Based upon the data provided by the functional specialist, the ARM completes the DLA Form 1680 and inputs the contractual data into DCARRS to establish a DCN. When CAGE codes are not readily available, a temporary code will be used. In no case will work on a delegation be delayed for lack of a CAGE code. A completed copy of the DLA Form 1680 including the DCN will be forwarded to the functional specialist(s) for retention in the contract folder.
- 5. FUNCTIONAL SPECIALISTS PERFORMS SERVICES/REPORTS HOURS.** The functional specialist will:
 - a. Ensure that a DCN has been assigned to the delegation.
 - b. Immediately contact the originator of the LOD received and introduce himself/herself as the point of contact. Ensure that a timely formal (written) acceptance is forwarded to the customer. The level of effort required to perform the delegated work will be communicated to the customer.
 - c. Perform the services as required by the LOD.
 - d. Record hours daily and report weekly via DLA Form 1682A, as documentation of reimbursable hours earned by function.

e. Forward the DLA Form 1682A to the ARM on a weekly basis.

f. Ensure that all hours worked are reported in DCARRS on a timely/accurate basis. The functional specialist should review DCARRS reports monthly to ensure that all hours worked have been reported into the billing system. This is particularly important prior to the close of the fiscal year. If discrepancies are found (over or under reporting) the functional specialist should contact the ARM for appropriate change(s). Under reported hour changes are accomplished via DLA Form 1682A. Over reported hour changes are accomplished via DLA Form 1682B, Non-DoD Reimbursable Hours Worked (Subtraction) and DLA Forms 1682C, Non-DoD Reimbursable Hours Worked Correction Form.

6. HOURS INPUT INTO DCARRS. The ARM will ensure that all hours reported by functional specialists on DLA Forms 1682A, or corrections reported on DLA Forms 1682B, are input into DCARRS on a weekly basis.

7. DELEGATION COMPLETE. When the function is complete, the functional specialist will annotate the DLA Form 1682A with completion date and forward the DLA Form 1682A to the ARM. The ARM will enter the completion date into DCARRS. Functions prematurely closed may be reopened in the DCARRS by the ARM contacting the DPA.

D. SYNOPSIS OF PROCESS:

1. Inputs:

- a. Request for Services (LOD, DLA Form 1793, customer requests)
- b. MOU, MOA, Interagency Agreement.
- c. Contract, purchase order, contractor's proposal, solicitation.
- d.. DLA Form 1680. Contingent Reimbursement Input Posting Slip.
- e.. DLA Form 1682A, Report of Reimbursable Hours Worked; DLA Form 1682B, Non-DoD Reimbursable Hours (Subtraction); DLA Form 1682C, Non-DoD Reimbursable Hours Correction Form.

2. Output:

Interim and final bills to customers.